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**FESTIVAL INTERNATIONAL
DE LOUISIANE, INC.**

Lafayette, Louisiana

Financial Report

Years Ended August 31, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-7-07

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KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' REPORT

WEB SITE:
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To the Board of Directors
Festival International de Louisiane
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Festival International de Louisiane, Inc. (a nonprofit organization) as of August 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Festival International de Louisiane, Inc., as of August 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 23, 2007, on our consideration of Festival International de Louisiane, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Member of:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Member of:
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Festival International de Louisiane, Inc. taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 23, 2007

FINANCIAL STATEMENTS

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statements of Financial Position
August 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 119,000	\$ 107,235
Accounts receivable	14,914	4,097
Prepaid expense	1,417	3,437
Inventory	<u>11,727</u>	<u>9,882</u>
Total current assets	147,058	124,651
FIXED ASSETS		
Furniture and equipment (net of accumulated depreciation of \$10,430 and \$7,834 as of 2006 and 2005, respectively)	3,870	5,467
OTHER ASSETS		
Trademark	<u>535</u>	<u>535</u>
TOTAL ASSETS	<u>\$ 151,463</u>	<u>\$ 130,653</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,173	\$ 1,675
Accrued liabilities	4,605	4,560
Unearned revenue	<u>-</u>	<u>1,760</u>
Total current liabilities	8,778	7,995
NET ASSETS		
Unrestricted	<u>142,685</u>	<u>122,658</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 151,463</u>	<u>\$ 130,653</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statements of Activities
Years Ended August 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Support:		
Contributions	\$ 253,919	\$ 235,666
Grants	80,887	90,847
In-kind contributions	457,500	419,225
Total unrestricted support	<u>792,306</u>	<u>745,738</u>
Revenue:		
Sales and admissions, net of direct expenses	316,368	326,187
Interest	852	528
Miscellaneous	4,284	2,173
Total unrestricted revenue	<u>321,504</u>	<u>328,888</u>
Total support and revenue	<u>1,113,810</u>	<u>1,074,626</u>
EXPENSES		
Program services:		
Artists' fees and expenses	218,371	200,056
Production	398,677	372,508
Marketing and promotion	340,719	321,233
Support services	136,016	115,148
Total expenses	<u>1,093,783</u>	<u>1,008,945</u>
Increase in unrestricted net assets	20,027	65,681
NET ASSETS, beginning of year	<u>122,658</u>	<u>56,977</u>
NET ASSETS, end of year	<u>\$ 142,685</u>	<u>\$ 122,658</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statements of Cash Flows
Years Ended August 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 20,027</u>	<u>\$ 65,681</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,597	2,661
Loss on disposal of assets	-	315
Changes in current assets and liabilities -		
(Increase) decrease in receivables	(10,817)	2,162
Decrease (increase) in prepaid expense	2,020	(93)
Increase in inventory	(1,845)	(3,002)
Increase in accounts payable	2,498	1,675
Increase in accrued liabilities	45	599
(Decrease) increase in unearned revenue	<u>(1,760)</u>	<u>1,760</u>
Total adjustments	<u>(7,262)</u>	<u>6,077</u>
Net cash provided by operating activities	12,765	71,758
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(1,000)</u>	<u>(1,277)</u>
Net increase in cash and cash equivalents	11,765	70,481
CASH AND CASH EQUIVALENTS, beginning of year	<u>107,235</u>	<u>36,754</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 119,000</u>	<u>\$ 107,235</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements

(1) Nature of Activities

Festival International de Louisiane, Inc. (Festival) is a nonprofit corporation organized under the laws of the State of Louisiana on September 2, 1986, for the purpose of producing a Francophone festival of performing and visual arts. The Festival is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization's main source of revenue is from donations and proceeds from the festival.

(2) Summary of Significant Accounting Policies

A. Basis of Accounting

The Festival reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how these long-lived assets must be maintained, the Festival reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue from ticket sales is recorded in the year services are rendered. Advertising costs are expensed in the year in which they are incurred.

B. Donated Services

The estimated fair value of the donated use of facilities and other assets owned by others, and the estimated fair value of measurable contributed services, which constitute a part of the normal program or services that would otherwise be performed by paid personnel, are recorded. However, the value for other donated services is not recorded by the Festival since no objective basis is available to measure the value of such services. There are a number of volunteers who donate significant amounts of time in the planning and production of the festival.

C. Fixed Assets

It is the Organization's policy to capitalize all furniture and equipment. Purchased furniture and equipment is capitalized at cost. Donations of furniture and equipment are recorded as contributions at their estimated fair value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements (Continued)

D. Income Taxes

The Festival is a non-profit organization and is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

E. Statement of Cash Flows

The Festival considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

F. Inventory

Inventory, which consists of festival flags, pins, posters and T-shirts is valued at the lower of cost or market.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Contributions

All commitments of contributions are considered receivable within one year.

(3) Concentration of Credit Risk

The Festival's cash is deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$100,000. Amounts in excess of insured limits were approximately \$25,663 at August 31, 2006.

FESTIVAL INTERNATIONAL
DE LOUISIANE
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(4) Fair Values of Financial Instruments

The Festival's financial instruments, none of which are held for trading purposes, include cash, accounts receivable, other receivables and accounts payable. The Festival estimates that the fair value of all financial instruments at August 31, 2006 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Festival using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Festival could realize in a current market exchange.

SUPPLEMENTAL INFORMATION

FESTIVAL INTERNATIONAL DE LOUISIANE
Lafayette, Louisiana

Statement of Functional Expenses
Year Ended August 31, 2006
With Comparative Totals for the Year Ended August 31, 2005

	Artist's Fees and Expenses	Production	Marketing and Promotion	Support Services	Totals	
					2006	2005
Salaries	\$ -	\$ 32,500	\$ 22,425	\$ 16,300	\$ 71,225	\$ 74,425
Professional fees	127,190	54,727	750	2,760	185,427	152,207
Outside services and fees	10,668	-	1,700	65,620	77,988	63,827
Supplies	-	5,870	-	3,497	9,367	13,562
Telephone and utilities	-	-	-	6,980	6,980	6,564
Postage and shipping	157	150	-	3,409	3,716	3,160
Payroll taxes	-	2,374	1,638	1,337	5,349	5,104
Rental of property and equipment	-	103,143	-	3,300	106,443	101,003
Printing and publications	-	3,549	12,456	3,011	19,016	19,788
Transportation and other services	30,594	-	-	-	30,594	29,764
Hospitality	16,028	72,050	-	-	88,078	80,747
Meals and lodging	29,784	6,222	-	5,271	41,277	38,678
Advertising and promotion	700	-	295,737	-	296,437	275,137
Research	-	-	-	1,059	1,059	2,818
Sound and lighting	-	67,315	-	-	67,315	62,775
Licenses	2,546	-	-	-	2,546	3,235
Electrical	-	19,204	-	-	19,204	15,572
Insurance	-	21,288	-	11,891	33,179	32,936
Decorations and signage	-	4,548	3,071	-	7,619	5,164
Photography	-	-	2,200	-	2,200	1,000
Depreciation	-	-	-	2,597	2,597	2,661
Other	704	5,737	742	8,984	16,167	18,818
	<u>\$ 218,371</u>	<u>\$ 398,677</u>	<u>\$ 340,719</u>	<u>\$ 136,016</u>	<u>\$ 1,093,783</u>	<u>\$ 1,008,945</u>

**INTERNAL CONTROL
AND
COMPLIANCE**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Festival International de Louisiane
Lafayette, Louisiana

We have audited the financial statements of Festival International de Louisiane, Inc. (a nonprofit organization), as of and for the year ended August 31, 2006, and have issued our report thereon dated February 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Festival International de Louisiane, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Festival International de Louisiane, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Festival International de Louisiane, Inc.'s management and grant awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 23, 2007

FESTIVAL INTERNATIONALE DE LOUISIANE
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended August 31, 2006

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (8/31/06) --						
<u>Compliance</u>						
There were no compliance findings to be reported.						
<u>Internal Control:</u>						
There were no matters involving the internal control over financial reporting to be reported.						
PRIOR YEAR (8/31/05) --						
<u>Compliance</u>						
There were no compliance findings to be reported.						
<u>Internal Control:</u>						
There were no matters involving the internal control over financial reporting to be reported.						